

News Release



Controller of the State of California - Kathleen Connell

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FOR IMMEDIATE RELEASE

STATE CONTROLLER KATHLEEN CONNELL RELEASES RESULTS OF HER AUDIT OF THE LOS ANGELES UNIFIED SCHOOL DISTRICT'S PROPOSITION BB BOND

Controller Connell's Audit Finds \$1.7 Billion Funding Deficit In the District's Construction Program

Los Angeles, June 30, 2002 – State Controller Kathleen Connell released the final results of her office's audit of the Los Angeles Unified School District's Proposition BB Bond School Construction and Repair Program.

"My goal was to determine if the use of these funds was consistent with the purpose of the bond, which is to improve our schools," stated Controller Connell. "If voters are to have faith in our system and in the process, they need to be reassured that the funds they approved are being properly spent."

\$2.4 Billion in BB Bonds were approved by the voters in 1997 to repair and maintain current schools, and to add classrooms in the Los Angeles Unified School District (District). The proceeds were supplemented with \$1.8 Billion in matching State funding and other funds for a total of over \$4 Billion. While this is a local bond, the Controller's Office has the responsibility to oversee the disbursement of State funds.

The audit's primary finding was the \$1.7 Billion funding deficit in the District's construction program. In addition, the goals and limits of the bond as outlined in the voter pamphlet and election notice were unclear.

"The funding deficit exists primarily because the District did not adequately determine the level of funding needed for all projects until after the BB Bonds had been approved by the voters," stated Controller Connell. "Additionally, the lack of clarity in the original voter materials led to ineligible and excessive costs being charged to the Bond proceeds."

Controller Connell emphasized that the current administration has developed a plan to address this deficit and has put into place a new management structure to administer the program. One of the primary sources of new funding would come from a new \$3 Billion bond that the District proposes to place on the November ballot.

"The current administration inherited this problem and recent modifications to the organization structure of the construction program have led to improvements that have addressed, or are attempting to address, most of the issues identified in the audit," stated Controller Connell.

The Controller's audit covered the period April 8, 1997, through December 31, 2001.

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***To arrange interviews with State Controller Kathleen Connell, or to
obtain a copy of the Audit Report, please contact Stacey Ragland at (916) 445-2636***